

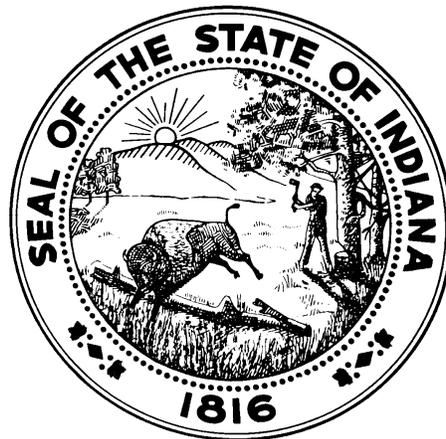
STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769

ANNUAL FINANCIAL REPORT

2008

CITY OF TELL CITY

PERRY COUNTY, INDIANA



FILED
11/24/2009

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Jenny S. Richter	01-01-08 to 12-31-11
Mayor	Barbara L. Ewing	01-01-08 to 12-31-11
President of the Board of Public Works and Safety	Barbara L. Ewing	01-01-08 to 12-31-11
President of the Common Council	Gerald W. Yackle	01-01-08 to 12-31-09
Superintendent of Water Utility	Terry L. Rogers Vacant R. Dale Poole	01-01-08 to 01-07-08 01-08-08 to 05-31-08 06-01-08 to 12-31-09
Superintendent of Wastewater Utility	Bruce W. Badger	01-01-08 to 12-31-09
Superintendent of Electric Utility	Marlow J. Smethhurst	01-01-08 to 12-31-09
Electric Utility Office Manager	Marcia F. Parker	01-01-08 to 12-31-09
Water/Wastewater Utility Bookkeeper	Bonnie S. Stiff	01-01-08 to 12-31-09



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INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

TO: THE OFFICIALS OF THE CITY OF TELL CITY, PERRY COUNTY, INDIANA

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Tell City (City), as of and for the year ended December 31, 2008, which collectively comprise the City's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed in Note I, the City prepares its financial statements on the prescribed basis of accounting that demonstrates compliance with the cash and investment basis and budget laws of the State of Indiana, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash and investment balances of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of December 31, 2008, and the respective cash receipts and cash disbursements during the year then ended on the basis of accounting described in Note I.

In accordance with Government Auditing Standards, we have also issued a report dated September 29, 2009, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
(Continued)

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The Schedules of Funding Progress, Schedule of Contributions From the Employer and Other Contributing Entities, as listed in the Table of Contents, are not required parts of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

The City has not presented Management's Discussion and Analysis or Budgetary Comparison Schedules that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the basic financial statements.

The City provides postemployment health insurance benefits to eligible employees. The City has not provided an actuarial study to determine the City's annual postemployment benefit costs in accordance with GASB Statement 45.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The Combining Schedules, as listed in the Table of Contents, Schedule of Capital Assets, and Schedule of Long-Term Debt are presented for additional analysis and are not required parts of the basic financial statements. The Combining Schedules, as listed in the Table of Contents, have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The Schedule of Capital Assets and Schedule of Long-Term Debt have not been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, accordingly, we express no opinion on them.

STATE BOARD OF ACCOUNTS

September 29, 2009



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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

TO: THE OFFICIALS OF THE CITY OF TELL CITY, PERRY COUNTY, INDIANA

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Tell City (City), as of and for the year ended December 31, 2008, which collectively comprise the City's basic financial statements and have issued our report thereon dated September 29, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be significant deficiencies or material weaknesses, as defined above.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS
(Continued)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of the City's management, the Common Council, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

September 29, 2009

CITY OF TELL CITY
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS
For The Year Ended December 31, 2008

Functions/Programs	Program Receipts				Net (Disbursement) Receipt and Changes in Net Assets		
	Disbursements	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	Totals
Primary government:							
Governmental activities:							
General government	\$ 2,159,254	\$ 844,909	\$ 7,417	\$ -	\$ (1,306,928)	\$ -	\$ (1,306,928)
Public safety	1,301,036	3,127	2,925	-	(1,294,984)	-	(1,294,984)
Highways and streets	745,564	-	209,577	30,703	(505,284)	-	(505,284)
Sanitation	378,363	407,483	-	-	29,120	-	29,120
Health and welfare	61,973	1,620	-	-	(60,353)	-	(60,353)
Culture and recreation	416,124	44,431	12,500	-	(359,193)	-	(359,193)
Economic development	213,523	-	161,488	-	(52,035)	-	(52,035)
Urban redevelopment	672,558	-	207,788	349,436	(115,334)	-	(115,334)
Interest on long-term debt	66,658	-	-	-	(66,658)	-	(66,658)
Total governmental activities	6,015,053	1,301,570	601,695	380,139	(3,731,649)	-	(3,731,649)
Business-type activities:							
Water	1,683,262	1,490,998	-	325,200	-	132,936	132,936
Wastewater	1,488,662	1,434,651	-	55,800	-	1,789	1,789
Electric	13,576,179	13,896,326	-	-	-	320,147	320,147
Total business-type activities	16,748,103	16,821,975	-	381,000	-	454,872	454,872
Total primary government	\$ 22,763,156	\$ 18,123,545	\$ 601,695	\$ 761,139	(3,731,649)	454,872	(3,276,777)
General receipts:							
Property taxes					1,870,910	-	1,870,910
Other local taxes					1,206,862	-	1,206,862
Other local sources					644,489	84,373	728,862
Principal received on revolving loans					197,581	-	197,581
Interest received on revolving loans					21,834	-	21,834
Unrestricted investment earnings					33,560	139,724	173,284
Transfers					2,525	(2,525)	-
Total general receipts and transfers					3,977,761	221,572	4,199,333
Change in net assets					246,112	676,444	922,556
Net assets - beginning					2,482,569	5,478,698	7,961,267
Net assets - ending					\$ 2,728,681	\$ 6,155,142	\$ 8,883,823
Assets							
Cash and investments					\$ 605,261	\$ 3,085,212	\$ 3,690,473
Cash with fiscal agent					(68)	-	(68)
Restricted assets:							
Cash and investments					2,123,488	3,069,930	5,193,418
Total assets					\$ 2,728,681	\$ 6,155,142	\$ 8,883,823
Net Assets							
Restricted for:							
Public safety					\$ 12,682	\$ -	\$ 12,682
Highways and streets					102,710	-	102,710
Culture and recreation					49,981	-	49,981
Debt service					48,953	965,801	1,014,754
Other purposes					1,909,094	2,104,129	4,013,223
Unrestricted					605,261	3,085,212	3,690,473
Total net assets					\$ 2,728,681	\$ 6,155,142	\$ 8,883,823

The notes to the financial statements are an integral part of this statement.

CITY OF TELL CITY
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS,
DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
GOVERNMENTAL FUNDS
For The Year Ended December 31, 2008

	General	Other Governmental Funds	Totals
Receipts:			
Taxes	\$ 1,681,968	\$ 188,942	\$ 1,870,910
Licenses and permits	13,199	4,290	17,489
Intergovernmental	595,303	1,449,716	2,045,019
Charges for services	462,528	456,661	919,189
Other	<u>265,680</u>	<u>195,262</u>	<u>460,942</u>
 Total receipts	 <u>3,018,678</u>	 <u>2,294,871</u>	 <u>5,313,549</u>
Disbursements:			
General government	1,158,274	23,862	1,182,136
Public safety	1,171,188	14,232	1,185,420
Highways and streets	357,978	365,586	723,564
Sanitation	-	378,363	378,363
Health and welfare	55,068	1,190	56,258
Culture and recreation	273,538	33,251	306,789
Economic development	56,270	48,726	104,996
Urban redevelopment and housing	-	672,444	672,444
Debt service:			
Principal	19,454	132,193	151,647
Interest	297	66,361	66,658
Capital outlay:			
General government	-	228,895	228,895
Public safety	-	22,000	22,000
Highways and streets	-	22,000	22,000
Health and welfare	5,715	-	5,715
Culture and recreation	-	78,333	78,333
Urban redevelopment and housing	-	114	114
 Total disbursements	 <u>3,097,782</u>	 <u>2,087,550</u>	 <u>5,185,332</u>
Excess (deficiency) of receipts over disbursements	<u>(79,104)</u>	<u>207,321</u>	<u>128,217</u>
Other financing sources (uses):			
Transfers in	45,490	149,321	194,811
Transfers out	-	(194,811)	(194,811)
Other receipts	-	221,665	221,665
Other disbursements	<u>-</u>	<u>(103,713)</u>	<u>(103,713)</u>
 Total other financing sources (uses)	 <u>45,490</u>	 <u>72,462</u>	 <u>117,952</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(33,614)</u>	<u>279,783</u>	<u>246,169</u>
Cash and investment fund balance - beginning	<u>588,431</u>	<u>1,894,149</u>	<u>2,482,580</u>
Cash and investment fund balance - ending	<u>\$ 554,817</u>	<u>\$ 2,173,932</u>	<u>2,728,749</u>
 Amounts reported for governmental activities in the Statement of Activities and Net Assets - Cash and Investment Basis are different because: Internal services fund is used by management to charge the costs of certain services to individual funds. The assets and liabilities of the internal service fund is included in governmental activities in the Statement of Activities and Net Assets - Cash and Investment Basis. (68)			
Net assets of governmental activities			<u>\$ 2,728,681</u>
 <u>Cash and Investment Assets - December 31</u>			
Cash and investments	\$ 554,817	\$ 50,444	\$ 605,261
Restricted assets:			
Cash and investments	<u>-</u>	<u>2,123,488</u>	<u>2,123,488</u>
Total cash and investment assets - December 31	<u>\$ 554,817</u>	<u>\$ 2,173,932</u>	<u>\$ 2,728,749</u>
 <u>Cash and Investment Fund Balance - December 31</u>			
Restricted for:			
Public safety	\$ -	\$ 12,682	\$ 12,682
Highways and streets	-	102,710	102,710
Culture and recreation	-	49,981	49,981
Debt service	-	48,953	48,953
Other purposes	-	1,909,162	1,909,162
Unrestricted	<u>554,817</u>	<u>50,444</u>	<u>605,261</u>
Total cash and investment fund balance - December 31	<u>\$ 554,817</u>	<u>\$ 2,173,932</u>	<u>\$ 2,728,749</u>

The notes to the financial statements are an integral part of this statement.

CITY OF TELL CITY
STATEMENT OF ASSETS AND FUND BALANCES AND
RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
PROPRIETARY FUNDS
As of and for the Year Ended December 31, 2008

	Water Utility	Wastewater Utility	Electric Utility	Totals	Internal Service Fund
Operating receipts:					
Metered water receipts:					
Residential	\$ 758,795	\$ -	\$ -	\$ 758,795	\$ -
Commercial	488,795	-	-	488,795	-
Industrial	254,875	-	-	254,875	-
Municipal	18,900	-	-	18,900	-
Residential sales	-	-	2,911,996	2,911,996	-
Commercial, municipal and industrial sales	-	-	9,117,523	9,117,523	-
Public street and highway lighting	-	-	83,203	83,203	-
Fuel cost adjustment receipts	-	-	1,576,291	1,576,291	-
Penalties	5,295	9,700	24,911	39,906	-
Storm water penalties	-	1,132	-	1,132	-
Other water receipts	69,557	-	-	69,557	-
Other electric receipts	-	-	117,184	117,184	-
Flat rate receipts (storm water)	-	87,807	-	87,807	-
Measured revenue:					
Residential	-	474,414	-	474,414	-
Commercial, municipal and industrial	-	849,406	-	849,406	-
Self-insurance assessments	-	-	-	-	725,878
Other	-	36,578	65,218	101,796	-
Total operating receipts	1,596,217	1,459,037	13,896,326	16,951,580	725,878
Operating disbursements:					
Equipment and capital improvements	48,175	15,000	494,064	557,239	-
Transmission and distribution	-	-	187,870	187,870	-
Customer accounts	-	-	47,055	47,055	-
Administration and general	-	-	157,363	157,363	-
Insurance claims and premiums	70,167	43,152	133,546	246,865	493,467
Salaries and wages	402,110	284,466	1,056,808	1,743,384	-
Employee pensions and benefits	55,668	42,245	380,171	478,084	-
Purchased power	121,340	105,843	9,863,122	10,090,305	-
Sludge removal	-	25,186	-	25,186	-
Chemicals	11,336	59,801	-	71,137	-
Material and supplies	132,918	54,759	-	187,677	-
Contractual services	75,910	106,527	-	182,437	-
Taxes	83,982	-	182,062	266,044	-
Repairs	-	198,611	-	198,611	-
Transportation disbursements	15,636	17,172	-	32,808	232,541
Insurance disbursements	51,682	73,809	-	125,491	-
Payments in-lieu-of-taxes	44,722	52,248	76,050	173,020	-
Miscellaneous disbursements	43,951	133,900	897,732	1,075,583	-
Total operating disbursements	1,157,597	1,212,719	13,475,843	15,846,159	726,008
Excess (deficiency) of operating receipts over operating disbursements	438,620	246,318	420,483	1,105,421	(130)

The notes to the financial statements are an integral part of this statement.

CITY OF TELL CITY
STATEMENT OF ASSETS AND FUND BALANCES AND
RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
PROPRIETARY FUNDS
As of and for the Year Ended December 31,
(Continued)

	Water Utility	Wastewater Utility	Electric Utility	Totals	Internal Service Fund
Nonoperating receipts (disbursements):					
Interest and investment receipts	42,727	16,577	80,420	139,724	73
Reimbursements from Riverside Communications, Inc.	-	-	30,909	30,909	-
Rental receipts	-	-	35,832	35,832	-
Miscellaneous receipts	-	-	435	435	-
Debt service of principal	(310,000)	(156,000)	-	(466,000)	-
Interest and investment disbursement	(215,665)	(119,943)	-	(335,608)	-
Telecommunications disbursements	-	-	(16,981)	(16,981)	-
Office suite disbursements	-	-	(83,355)	(83,355)	-
Total nonoperating receipts (disbursements)	<u>(482,938)</u>	<u>(259,366)</u>	<u>47,260</u>	<u>(695,044)</u>	<u>73</u>
Excess (deficiency) of receipts over disbursements and nonoperating receipts (disbursements)	(44,318)	(13,048)	467,743	410,377	(57)
Capital contributions	224,343	44,249	-	268,592	-
Transfers in	-	-	-	-	-
Transfers out	-	-	(2,525)	(2,525)	-
Excess (deficiency) of receipts, contributions and transfers in over disbursements and transfers out	180,025	31,201	465,218	676,444	(57)
Cash and investment fund balance - beginning	<u>1,452,129</u>	<u>876,848</u>	<u>3,149,721</u>	<u>5,478,698</u>	<u>(11)</u>
Cash and investment fund balance - ending	<u>\$ 1,632,154</u>	<u>\$ 908,049</u>	<u>\$ 3,614,939</u>	<u>\$ 6,155,142</u>	<u>\$ (68)</u>
<u>Cash and Investment Assets - December 31</u>					
Cash and investments	\$ 770,611	\$ 312,365	\$ 2,002,236	\$ 3,085,212	\$ -
Restricted assets:					
Cash and investments	<u>861,543</u>	<u>595,684</u>	<u>1,612,703</u>	<u>3,069,930</u>	<u>(68)</u>
Total cash and investment assets - December 31	<u>\$ 1,632,154</u>	<u>\$ 908,049</u>	<u>\$ 3,614,939</u>	<u>\$ 6,155,142</u>	<u>\$ (68)</u>
<u>Cash and Investment Fund Balance - December 31</u>					
Restricted for:					
Debt service	\$ 547,323	\$ 418,478	\$ -	\$ 965,801	\$ -
Other purposes	314,220	177,206	1,612,703	2,104,129	(68)
Unrestricted	<u>770,611</u>	<u>312,365</u>	<u>2,002,236</u>	<u>3,085,212</u>	<u>-</u>
Total cash and investment fund balance - December 31	<u>\$ 1,632,154</u>	<u>\$ 908,049</u>	<u>\$ 3,614,939</u>	<u>\$ 6,155,142</u>	<u>\$ (68)</u>

The notes to the financial statements are an integral part of this statement.

CITY OF TELL CITY
STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
FIDUCIARY FUNDS
For The Year Ended December 31, 2008

	<u>Pension Trust Funds</u>	<u>Private-Purpose Trust Fund</u>	<u>Agency Funds</u>
Additions:			
Contributions:			
Employer	\$ 22,289	\$ -	
Plan members	457	-	
State	<u>48,287</u>	<u>-</u>	
Total contributions	71,033	-	
Investment earnings:			
Interest	<u>-</u>	<u>36</u>	
Total additions	<u>71,033</u>	<u>36</u>	
Deductions:			
Benefits	109,713	-	
Administrative and general	350	-	
Payments in accordance with trust agreements	<u>-</u>	<u>290</u>	
Total deductions	<u>110,063</u>	<u>290</u>	
Deficiency of total additions over total deductions	(39,030)	(254)	
Cash and investment fund balance - beginning	<u>85,717</u>	<u>12,039</u>	
Cash and investment fund balance - ending	<u>\$ 46,687</u>	<u>\$ 11,785</u>	<u>\$ 15,809</u>

The notes to the financial statements are an integral part of this statement.

CITY OF TELL CITY
NOTES TO FINANCIAL STATEMENTS

I. Summary of Significant Accounting Policies

A. Reporting Entity

The City was established under the laws of the State of Indiana. The City operates under a Council-Mayor form of government and provides the following services: public safety (police and fire), highways and streets, culture and recreation, public improvements, planning and zoning, general administrative services, electric, water, wastewater, and urban redevelopment and housing.

The City's financial reporting entity is composed of the following:

Primary Government: City of Tell City

In determining the financial reporting entity, the City complies with the provisions of GASB Statement No. 14, *The Financial Reporting Entity*.

Joint Venture

The Electric Utility is a participant with Perry-Spencer Communications, Inc., in a joint venture to operate Riverside Communications which was created to provide certain telecommunication and information services. On September 8, 2005, the Tell City Electric Utility advanced funds in the amount of \$125,000 to Riverside Communications. No repayments of the advanced funds have been received by December 31, 2008. All proceeds or losses realized are to be borne equally by the two parties in the joint venture. As of December 31, 2008, it appears unlikely that Riverside Communications is producing sufficient revenue to repay the advances it received or to repay the full amount due to the two parties. Tell City Electric Utility and Perry-Spencer Communications, Inc., are to share equally in any debts Riverside Communications may incur. Complete financial statements for Riverside Communications can be obtained from Perry-Spencer Communications, Inc., 11877 E. State Road 62, St. Meinrad Indiana 47577.

Related Organization

The City's officials are also responsible for appointing the members of the boards of another organization, but the City's accountability for this organization does not extend beyond making the appointments. The City appoints the board members of the Tell City Housing Authority. The City is not required to provide any annual funding to the Housing Authority. The Housing Authority makes annual payments in-lieu-of taxes to the City.

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The Statement of Activities and Net Assets – Cash and Investment Basis displays information about the reporting government as a whole. It includes all funds of the reporting entity except for fiduciary funds. The statement distinguishes between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

CITY OF TELL CITY
NOTES TO FINANCIAL STATEMENTS
(Continued)

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, fund equity, receipts, and disbursements. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The City reports the following major governmental fund:

The general fund is the primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The City reports the following major proprietary funds:

The water utility fund accounts for the operation of the water distribution system.

The wastewater utility fund accounts for the operation of the wastewater treatment plant, pumping stations, and collection systems.

The electric utility fund accounts for the operation of the electric distribution system.

Additionally, the City reports the following fund types:

The internal service fund accounts for self-insurance claims which are handled by a third party administrator.

The pension trust fund accounts for the activities of the 1925 police officers' pension fund, which accumulates resources for pension benefit payments.

The private-purpose trust fund reports a trust arrangement under which principal and income benefit the City's Greenwood Cemetery.

Agency funds account for assets held by the City as an agent for other parties and serve as a control of accounts for certain cash transactions during the time they are a liability to the City.

C. Measurement Focus and Basis of Accounting

The government-wide, governmental fund, proprietary fund, and fiduciary fund financial statements are reported using the basis of accounting that demonstrates compliance with the cash and investment basis and budget laws of the State of Indiana, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Receipts are recorded when received and disbursements are recorded when paid.

The cash and investment basis of accounting differs from accounting principles generally accepted in the United States of America in that receipts are recognized when received in cash rather than when earned and disbursements are recognized when paid rather than when a liability is incurred. Investment transactions are not presented on the financial statements.

CITY OF TELL CITY
NOTES TO FINANCIAL STATEMENTS
(Continued)

If the City utilized the basis of accounting recognized as generally accepted, the fund financial statements for governmental funds would use the modified accrual basis of accounting, while the fund financial statements for proprietary fund types would use the accrual basis of accounting. All government-wide financials would be presented on the accrual basis of accounting.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the enterprise fund statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the water, wastewater, and electric utilities. Elimination of these charges would distort the direct costs and program receipts reported for the various functions concerned.

Enterprise funds distinguish operating receipts and disbursements from nonoperating items. Operating receipts and disbursements generally result from providing services and producing and delivering goods in connection with an enterprise fund's principal ongoing operations. The principal operating receipts of the enterprise funds are charges to customers for sales and services. Operating disbursements for enterprise funds include the cost of sales and services and administrative costs. All receipts and disbursements not meeting this definition are reported as nonoperating receipts and disbursements. Internal service funds are used to account for activities provided to other departments or agencies primarily with the government.

D. Assets and Cash and Investment Balances

1. Cash and Investments

Investments are stated at cost. Any changes in fair value of the investments are reported as interest receipts in the year of the sale of the investment.

2. Property Taxes

Property taxes levied are collected by the County Treasurer and are distributed to the City in June and in December. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100% of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments which become delinquent if not paid by May 10 and November 10, respectively. All property taxes collected by the County Treasurer and available for distribution were distributed to the City on or prior to December 31 of the year collected.

3. Capital Assets

Capital assets arising from cash transactions acquired for use in governmental or proprietary fund operations are accounted for as capital outlay disbursements of the fund upon acquisition.

CITY OF TELL CITY
NOTES TO FINANCIAL STATEMENTS
(Continued)

4. Long-Term Debt

Long-term debt arising from cash basis transactions of governmental and proprietary funds is not reported as liabilities in the basic financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as disbursements.

5. Equity Classification

Government-Wide Statements

Equity is classified as net assets and displayed in two components:

- a. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments, or (2) law through constitutional provisions or enabling legislation.
- b. Unrestricted net assets – All other net assets that do not meet the definition of "restricted."

It is the City's policy to first use restricted net assets prior to the use of unrestricted net assets when a disbursement is incurred for purposes for which both restricted and unrestricted net assets are available.

Fund Financial Statements

Governmental fund equity is classified as fund balance. Proprietary fund equity is classified the same as in the government-wide statements.

E. Receipts and Disbursements

1. Program Receipts

Amounts reported as program receipts include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general receipts rather than as program receipts. Likewise, general receipts include all taxes.

2. Operating Receipts and Disbursements

Operating receipts and disbursements for proprietary funds and the similar discretely presented component unit result from providing services and producing and delivering goods and/or services. They also include all receipts and disbursements not related to capital and related financing, noncapital financing, or investing activities.

F. Internal and Interfund Balances and Activities

In the process of aggregating the financial information for the government-wide Statement of Activities and Net Assets – Cash and Investment Basis, some amounts reported as interfund activity and balances in the fund financial statements have been eliminated or reclassified.

CITY OF TELL CITY
NOTES TO FINANCIAL STATEMENTS
(Continued)

Fund Financial Statements

1. Interfund services – Sales or purchases of goods and services between funds are reported as receipts and disbursements.
2. Interfund reimbursements – Repayments from funds responsible for certain disbursements to the funds that initially paid for them are not reported as reimbursements but as adjustments to disbursements in the respective funds.
3. Interfund transfers – Flow of assets from one fund to another where repayment is not expected is reported as transfers in and out.

Government-Wide Financial Statements

Interfund activity and balances, if any, are eliminated or reclassified in the government-wide financial statements as follows:

Internal activities – Amounts reported as interfund transfers in the fund financial statements are eliminated in the government-wide Statement of Activities and Net Assets – Cash and Investment Basis except for the net amount of transfers between governmental and business-type activities, which are reported as Transfers – Internal Activities. The effects of interfund services between funds, if any, are not eliminated in the government-wide Statement of Activities and Net Assets – Cash and Investment Basis.

II. Stewardship, Compliance and Accountability

Budgetary Information

Annual budgets are adopted on the cash basis, which is not consistent with accounting principles generally accepted in the United States of America. All annual appropriations lapse at calendar year end.

Prior to the first required publication, the fiscal officer of the City submits to the governing board a proposed operating budget for the year commencing the following January 1. Prior to adoption, the budget is advertised and public hearings are conducted by the governing board to obtain taxpayer comments. In September of each year, the governing board, through the passage of a resolution/ ordinance, approves the budget for the next year. Copies of the budget resolution/ordinance and the advertisement for funds for which property taxes are levied or highway use taxes are received are sent to the Indiana Department of Local Government Finance. The budget becomes legally enacted after the fiscal officer of the City receives approval of the Indiana Department of Local Government Finance.

The City's management cannot transfer budgeted appropriations between object classifications of a budget without approval of the governing board. The Indiana Department of Local Government Finance must approve any revisions to the appropriations for any fund or any department of the General Fund. The legal level of budgetary control is by object and department within the fund for the General Fund and by object within the fund for all other budgeted funds.

CITY OF TELL CITY
NOTES TO FINANCIAL STATEMENTS
(Continued)

III. Detailed Notes on All Funds

A. Deposits and Investments

1. Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. Indiana Code 5-13-8-1 allows a political subdivision of the State of Indiana to deposit public funds in a financial institution only if the financial institution is a depository eligible to receive state funds and has a principal office or branch that qualifies to receive public funds of the political subdivision. At December 31, 2008, all bank balances were insured by the Federal Deposit Insurance Corporation or the Public Deposit Insurance Fund, which covers all public funds held in approved depositories.

2. Investments

As of December 31, 2008, the City had the following investments:

Investment Type	Primary Government Market
U.S. savings bonds	\$ 2,500

Statutory Authorization for Investments

Indiana Code 5-13-9 authorizes the City to invest in securities backed by the full faith and credit of the United States Treasury or fully guaranteed by the United States of America and issued by the United States Treasury, a federal agency, a federal instrumentality, or a federal government sponsored enterprise. Indiana Code also authorizes the City to invest in securities fully guaranteed and issued by a federal agency, a federal instrumentality, or a federal government sponsored enterprise. These investments are required by statute to have a stated final maturity of not more than two years.

Indiana Code also provides for investment in money market mutual funds that are in the form of securities of, or interest in, an open-end, no-load, management-type investment company or investment trust registered under the provision of the federal Investment Company Act of 1940, as amended. Investments in money market mutual funds may not exceed 50% of the funds held by the City and available for investment. The portfolio of an investment company or investment trust used must be limited to direct obligations of the United States of America, obligations issued by a federal agency, a federal instrumentality, or a federal government sponsored enterprise or repurchase agreements fully collateralized by direct obligations of the United States of America or obligations issued by a federal agency, a federal instrumentality, or a federal government sponsored enterprise. The form of securities of, or interest in, an investment company or investment trust must be rated as AAA, or its equivalent by Standard and Poor's Corporation or its successor or Aaa, or its equivalent, by Moody's Investors Service, Inc., or its successor. The form of securities in an investment company or investment trust should have a stated final maturity of one day.

CITY OF TELL CITY
NOTES TO FINANCIAL STATEMENTS
(Continued)

Additionally, the City may enter into repurchase agreements with depositories designated by the State Board of Finance as depositories for state deposits involving the City's purchase and guaranteed resale of any interest-bearing obligations issued or fully insured or guaranteed by the United States of America, a United States of America government agency, an instrumentality of the United States of America, or a federal government sponsored enterprise. The repurchase agreement is considered to have a stated final maturity of one day. This agreement must be fully collateralized by interest-bearing obligations as determined by their current market value.

Investment Custodial Credit Risk

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The City does not have a formal investment policy for custodial credit risk for investments. At December 31, 2008, the City held investments in U.S. Treasury Bonds in the amount of \$2,500. These investments were held by the City.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The City must follow state statute and limit the stated final maturities of the investments to no more than two years. The City does not have a formal investment policy for interest rate risk for investments.

Investment Type	Investment Maturities (in Years)		
	Less Than 1	1-2	More Than 2
U.S. savings bonds	\$ 2,500	\$ -	\$ -

B. Interfund Transfers

Interfund transfers for the year ended December 31, 2008, were as follows:

Transfer From	Transfer To	2008
Other governmental funds	General Fund	\$ 45,490
Other governmental funds	Other governmental funds	149,321
Total		\$ 194,811

The City typically uses transfers for cash flow purposes as provided by various statutory provisions.

CITY OF TELL CITY
NOTES TO FINANCIAL STATEMENTS
(Continued)

C. Restatements and Reclassifications

For the year ended December 31, 2008, certain changes have been made to the financial statements to more appropriately reflect financial activity of the City. The following schedule presents a summary of restated beginning balances by opinion unit. The Cemetery Endowment Fund was reclassified from a Permanent Fund to a Private-Purpose Fund since both the principal and the interest can be expended for maintenance of the Greenwood Cemetery.

Opinion Unit	Balance as Reported December 31, 2007	Fund Reclassification	Balance as Restated January 1, 2008
Other governmental funds	\$ 1,906,188	\$ (12,039)	\$ 1,894,149
Private-Purpose Fund	-	12,039	12,039

IV. Other Information

A. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; medical benefits to employees, retirees, and dependents (excluding postemployment benefits); and natural disasters.

The risks of torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; and natural disasters are covered by commercial insurance from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years. There were no significant reductions in insurance by major category of risk.

Medical Benefits to Employees, Retirees, and Dependents

The City has chosen to establish a risk financing fund for risks associated with health, dental and life insurance. The risk financing fund is accounted for in the Employee Benefit Fund, an internal service fund, where assets are set aside for claim settlements. An excess policy through commercial insurance covers individual claims in excess of \$20,000 per year. Settled claims resulting from this risk did not exceed commercial insurance coverage in the past three years. Amounts are paid into the fund by all insured funds and are available to pay claims, claim reserves, and administrative costs of the program. Interfund premiums are based primarily upon each affected fund's number of employees and are reported as quasi-external interfund transactions.

Claim expenditures and liabilities of the fund are reported when it is probable that a loss has occurred. These losses include an estimate of claims that have been incurred but not reported (INBRs).

However, claim liabilities cannot be reasonably estimated.

CITY OF TELL CITY
NOTES TO FINANCIAL STATEMENTS
(Continued)

B. Holding Corporation

The City has entered into a capital lease with Tell City Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the City. The lessor has been determined to be a related party of the City. Lease payments during the year totaled \$114,000.

C. Pledge of Economic Development Income Tax (EDIT) and County Option Income Tax (COIT) Revenues

The City has entered into the following irrevocable pledges for EDIT and COIT Revenues:

1995 Lease Pledge

The City, along with Perry County and the Town of Troy, has a lease rental agreement with the Perry County Redevelopment Authority for Perry County Economic Development Area No. 2 (ATTC Manufacturing, Inc). Under the agreement, each entity pledged a percentage of its EDIT and COIT revenues in proportion to the total of all participating units towards the payment of the Economic Development Income Tax Lease Rental Bonds of 1995. The City's share for the year ended December 31, 2008, was \$60,278. The City has pledged a share of its annual EDIT and COIT revenues annually through 2014, which is to be used for the annual lease payments.

1996 Lease Pledge

The City, along with Perry County and the Town of Troy, has a lease rental agreement with the Perry County Redevelopment Authority for Perry County Economic Development Area No. 3 (Waupaca Foundry). Under the agreement, each entity pledged a percentage of its EDIT and COIT revenues towards the payment of the Economic Development Lease Rental Bonds of 1996. The City's share for the year ended December 31, 2008, was \$86,869. The City has pledged a share of its annual EDIT and COIT revenues annually through 2017, which is to be used for the annual lease payments.

D. Loans Receivable – Indiana Department of Commerce

The City of Tell City makes low interest loans to local businesses for economic development through Community Development Block Grant miscellaneous revenues, the Economic Development Administration revolving loan fund, and the United States Department of Agriculture's Intermediary Relending Program. Loans receivable under these programs are as follows:

CITY OF TELL CITY
NOTES TO FINANCIAL STATEMENTS
(Continued)

Borrower	Date of Loan	Amount	Rate	Required Annual Payment	Balance December 31, 2008
Bettinger Chips	09-30-05	\$ 120,000	8.25%	\$ 7,800	\$ 118,046
Tell City Cinema	04-05-02	70,000	9.25%	5,865	5,865
E. Joseph Daum	03-18-04	75,000	5.00%	12,720	27,017
Marksmen, Inc.	08-16-05	70,000	8.25%	12,265	51,949
River Hills Management	05-01-91	160,000	3.75%	10,086	65,212
SIRS, Inc.	02-24-95	280,000	3.50%	17,908	113,428
T's Car Care (DAT, Inc.)	12-01-00	140,000	5.00%	5,865	5,865
Perry Marine	09-30-05	45,000	6.50%	9,285	32,396
Winzerwald Winery	02-19-01	100,000	5.00%	6,706	16,319
Winzerwald Winery	06-04-01	100,000	5.00%	6,706	16,319
Winzerwald Winery	08-31-00	25,000	5.00%	3,353	8,159
Winzerwald Winery	11-30-00	25,000	5.00%	3,353	8,159

E. Subsequent Event – State Pension Relief Fund

Beginning in 2009, the State Pension Relief Fund shall pay to each unit of local government with Pre-1977 Local Police and Fire Fighter Pension obligations, the total amount of pension, disability, and survivor benefit payments. The Pre-1977 funds include the 1925 Police Pension Fund, the 1937 Firefighters' Fund, and the 1953 Police Pension Fund. For property taxes due and payable after December 31, 2008, the Indiana Department of Local Government Finance shall reduce the maximum permissible property tax levy of any civil taxing unit and special service district by the amount of the payment to be made in 2009 by the State for the obligations.

F. Subsequent Event – Settlement of Lawsuit – Electric Utility

The Tell City Electric Utility was a third party defendant in a lawsuit concerning a hazardous waste site in Vanderburgh County, Indiana. On September 11, 2009, Tell City Electric paid \$75,000 to Evansville Greenway PRP Group as its share of an out-of-court settlement in this case. The Utility expects to receive approximately \$40,000 in insurance reimbursements.

G. Postemployment Benefits

In addition to the pension benefits described below, the City provides postemployment health insurance benefits, as authorized by Indiana Code 5-10-8, to all employees who retire from the City on or after attaining age 55 with at least 20 years of creditable service with a public employer, with the immediately preceding 10 years of service having been with the City. Dependents of an eligible retiree may also receive these benefits until two years after the death of the retiree. In order to receive these benefits, the retiree or dependent must not be eligible for Medicare. Currently, no retirees meet these eligibility requirements. The City and retirees provide 20% and 80%, respectively, of these postemployment benefits. Disbursements for those postemployment benefits are recognized on a pay-as-you-go basis. During the year ended December 31, 2008, disbursements of \$0 were recognized for postemployment benefits.

CITY OF TELL CITY
NOTES TO FINANCIAL STATEMENTS
(Continued)

H. Rate Structure – Enterprise Funds

Water Utility

On May 20, 1996, the Common Council adopted Ordinance No. 780 to withdraw from the jurisdiction of the Indiana Utility Regulatory Commission. The current rate structure was approved by the Council on June 28, 2004.

Wastewater Utility

The current rate structure was approved by the Common Council on January 2, 2007. Separate rate structures exist for the Branchville wastewater line and the Waupaca Foundry. The current rate structures for both the Branchville wastewater line and the Waupaca Foundry were approved by the Common Council on January 2, 2007. The current rate structure for storm water billings was approved by the Common Council on July 2, 2007.

Electric Utility

On February 2, 1998, the Common Council adopted Ordinance No. 801 to withdraw from the jurisdiction of the Indiana Utility Regulatory Commission. The current rate structure was approved by the Council on April 7, 2008.

I. Pension Plans

1. Agent Multiple-Employer and Single-Employer Defined Benefit Pension Plans

a. Public Employees' Retirement Fund

Plan Description

The City contributes to the Indiana Public Employees' Retirement Fund (PERF), a defined benefit pension plan. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in the defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the PERF Board, most requirements of the system and give the City authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of member's contributions, set by state statute at 3% of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

PERF administers the plan and issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. The report may be obtained by contacting:

Public Employees' Retirement Fund
Harrison Building, Room 800
143 West Market Street
Indianapolis, IN 46204
Ph. (317) 233-4162

CITY OF TELL CITY
NOTES TO FINANCIAL STATEMENTS
(Continued)

Funding Policy and Annual Pension Cost

The contribution requirements of plan members for PERF are established by the Board of Trustees of PERF. The City's annual pension cost and related information, as provided by the actuary, is presented in this note.

Information to segregate the assets/liabilities and the actuarial study figures between the City and the Utilities is not available.

b. 1925 Police Officers' Pension Plan

Plan Description

The City contributes to the 1925 Police Officers' Pension Plan, which is a single-employer defined benefit pension plan. The plan is administered by the local pension board as authorized by state statute (IC 36-8-6). The plan provides retirement, disability, and death benefits to plan members and beneficiaries. The plan was established by the plan administrator, as provided by state statute. The plan administrator does not issue a publicly available financial report that includes financial statements and required supplementary information of the plan.

Funding Policy and Annual Pension Cost

The contribution requirements of plan members for the 1925 Police Officers' Pension Plan are established by state statute. The City's annual pension cost and related information as provided by the actuary, is presented in this note.

The use of the pay-as-you-go actuarial cost method by the City results in significant underfunding of the plan. Therefore, the Net Pension Obligation (NPO) is not reflected in the financial statements of the pension trust funds.

c. Electric Utility Pension

Plan Description

The Electric Utility contributes to the IUE-CWA Pension Fund, a defined benefit pension plan covering eligible employees. An employee becomes a participant upon employment. Benefits are based upon continuous credited service and the monthly benefit rate in effect on the date actual employment is terminated. Contributions are intended to provide not only for benefits attributed to service to date but also of those expected to be earned in the future.

The IUE-CWA Pension Fund does not issue a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and its participants. Additional information may be obtained by contacting:

IUE-CWA Pension Fund
1460 Broad Street
Bloomfield, New Jersey 07003-3073
Ph. (973)-893-0333

CITY OF TELL CITY
NOTES TO FINANCIAL STATEMENTS
(Continued)

Funding Policy and Annual Pension Cost

Plan members contributions are required by the written plan agreement. Employer's contributions are \$1.14 per hour of annual covered payroll.

Information is not available to provide additional disclosures required by GASB Statement No. 27.

Actuarial Information for the Above Plans

	<u>PERF</u>	<u>1925 Police Officers' Pension</u>
Annual required contribution	\$ 117,185	\$ 129,800
Interest on net pension obligation	(6,518)	42,600
Adjustment to annual required contribution	<u>7,427</u>	<u>(53,800)</u>
Annual pension cost	118,094	118,600
Contributions made	<u>102,543</u>	<u>70,576</u>
Increase in net pension obligation	15,551	48,024
Net pension obligation, beginning of year	<u>(89,898)</u>	<u>710,367</u>
Net pension obligation, end of year	<u>\$ (74,347)</u>	<u>\$ 758,391</u>
	<u>PERF</u>	<u>1925 Police Officers' Pension</u>
Contribution rates:		
City	6.75%	328%
Plan members	3%	6%
Actuarial valuation date	07-01-08	01-01-08
Actuarial cost method	Entry age	Entry age
Amortization method	Level percentage of projected payroll, closed	Level percentage of projected payroll, closed
Amortization period	30 years	30 years
Amortization period (from date)	07-01-97	01-01-05
Asset valuation method	75% of expected actuarial value plus 25% of market value	4 year phase in of unrealized and realized capital

CITY OF TELL CITY
NOTES TO FINANCIAL STATEMENTS
(Continued)

Actuarial Assumptions	PERF	1925 Police Officers' Pension
Investment rate of return	7.25%	6%
Projected future salary increases:		
Total	5%	4%
Attributed to inflation	4%	4%
Attributed to merit/seniority	1%	0%
Cost-of-living adjustments	2%	2.75/4%*

*2.75% converted members; 4% nonconverted members

Three Year Trend Information

	Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
PERF	06-30-06	\$ 88,620	98%	\$ (90,748)
	06-30-07	95,547	99%	(89,898)
	06-30-08	118,094	87%	(74,347)
1925 Police Officers' Pension Plan	12-31-06	112,100	78%	660,845
	12-31-07	113,700	56%	710,367
	12-31-08	118,600	60%	758,391

Membership in the 1925 Police Officers' Pension Plan at January 1, 2008, was comprised of the following:

	1925 Police Officers' Pension
Retirees and beneficiaries currently receiving benefits:	5
Current active employees	1

2. Cost-Sharing Multiple-Employer Defined Benefit Pension Plan

1977 Police Officers' and Firefighters' Pension and Disability Fund

Plan Description

The City contributes to the 1977 Police Officers' and Firefighters' Pension and Disability Fund, a cost-sharing multiple-employer defined benefit pension plan administered by the Indiana Public Employees' Retirement Plan (PERF) for all police officers and firefighters hired after April 30, 1977.

CITY OF TELL CITY
NOTES TO FINANCIAL STATEMENTS
(Continued)

State statute (IC 36-8-8) regulates the operations of the system, including benefits, vesting and requirements for contributions by employers and by employees. Covered employees may retire at age 55 with 20 years of service. An employee with 20 years of service may leave service, but will not receive benefits until reaching age 55. The plan also provides for death and disability benefits.

PERF issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. That report may be obtained by contacting:

Public Employees' Retirement Fund
Harrison Building, Room 800
143 West Market Street
Indianapolis, IN 46204
Ph. (317) 233-4162

Funding Policy and Annual Pension Costs

Plan members are required to contribute 6% of the first-class police officers' and firefighters' salary and the City is to contribute at an actuarially determined rate. The current rate, which has not changed since the inception of the plan, is 21% of the first-class police officers' and firefighters' salary. The contribution requirements of plan members and the City are established by the Board of Trustees of PERF. The City's contributions to the plan for the years ending December 31, 2008, 2007, and 2006, were \$87,998, \$88,889, and \$79,436, respectively, equal to the required contributions for each year.

CITY OF TELL CITY
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULES OF FUNDING PROGRESS

Public Employees' Retirement Fund

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((a-b)/c)
07-01-06	\$ 1,571,917	\$ 1,773,575	\$ (201,658)	89%	\$ 1,416,232	(14%)
07-01-07	1,764,510	2,014,573	(250,063)	88%	1,675,806	(15%)
07-01-08	1,973,849	2,246,061	(272,212)	88%	1,575,055	(17%)

1925 Police Officers' Pension Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((a-b)/c)
01-01-03	\$ 62,570	\$ 1,410,700	\$ (1,348,130)	4%	\$ 33,600	(4,012%)
01-01-04	63,763	1,587,100	(1,523,337)	4%	34,600	(4,403%)
01-01-05	200,207	1,579,700	(1,379,493)	13%	35,600	(3,875%)
01-01-06	90,494	1,578,600	(1,488,106)	6%	36,500	(4,077%)
01-01-07	103,037	1,587,200	(1,484,163)	6%	38,500	(3,855%)
01-01-08	85,717	1,653,000	(1,567,283)	5%	39,600	(3,958%)

CITY OF TELL CITY
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF CONTRIBUTIONS FROM THE
 EMPLOYER AND OTHER CONTRIBUTING ENTITIES

1925 Police Officers' Pension Plan				
	Year Ending	Annual Required Contribution (ARC)	Percentage of ARC Contributed	
			City	State
1925 Police Officers' Pension Plan	12-31-03	\$ 178,700	14%	25%
	12-31-04	189,600	85%	24%
	12-31-05	119,100	28%	37%
	12-31-06	120,700	31%	41%
	12-31-07	123,300	14%	38%
	12-31-08	129,800	15%	39%

CITY OF TELL CITY
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2008

	Motor Vehicle Highway	Local Road and Street	Columbarium	Pool Concessions	Community Mausoleum	City Auction	Alcohol Enforcement
Receipts:							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	255,322	30,703	-	-	-	-	-
Charges for services	-	-	1,620	9,884	-	-	-
Other	-	-	-	-	-	-	-
Total receipts	255,322	30,703	1,620	9,884	-	-	-
Disbursements:							
General government	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-
Highways and streets	312,796	23,871	-	-	-	-	-
Sanitation	-	-	-	-	-	-	-
Health and welfare	-	-	1,190	-	-	-	-
Culture and recreation	-	-	-	8,353	-	-	-
Economic development	-	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-	-
Debt service:							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Capital outlay:							
General government	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-	-
Total disbursements	312,796	23,871	1,190	8,353	-	-	-
Excess (deficiency) of receipts over disbursements	(57,474)	6,832	430	1,531	-	-	-
Other financing sources (uses):							
Transfers in	-	2,857	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-
Total other financing sources (uses)	-	2,857	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(57,474)	9,689	430	1,531	-	-	-
Cash and investment fund balance - beginning	110,815	34,825	2,365	7,490	18,328	7,103	1,560
Cash and investment fund balance - ending	\$ 53,341	\$ 44,514	\$ 2,795	\$ 9,021	\$ 18,328	\$ 7,103	\$ 1,560
Cash and Investment Assets - December 31							
Cash and investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted assets:							
Cash and investments	53,341	44,514	2,795	9,021	18,328	7,103	1,560
Total cash and investment assets - December 31	\$ 53,341	\$ 44,514	\$ 2,795	\$ 9,021	\$ 18,328	\$ 7,103	\$ 1,560
Cash and Investment Fund Balance - December 31							
Restricted for:							
Public safety	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,560
Highways and streets	53,341	44,514	-	-	-	-	-
Culture and recreation	-	-	-	9,021	-	-	-
Debt service	-	-	-	-	-	-	-
Other purposes	-	-	2,795	-	18,328	7,103	-
Unrestricted	-	-	-	-	-	-	-
Total cash and investment fund balance - December 31	\$ 53,341	\$ 44,514	\$ 2,795	\$ 9,021	\$ 18,328	\$ 7,103	\$ 1,560

CITY OF TELL CITY
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2008
 (Continued)

	TC Port	Economic Development Commission	Schergens Communication	DARE Grant	Schergens Center Concessions	Schergens Escrow	Seat Belt Safety Grant
Receipts:							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	2,925
Charges for services	-	-	-	-	4,622	8,925	-
Other	136,738	24,750	-	-	-	-	-
Total receipts	136,738	24,750	-	-	4,622	8,925	2,925
Disbursements:							
General government	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	3,913
Highways and streets	-	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	3,419	8,531	-
Economic development	2,509	45,812	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-	-
Debt service:							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Capital outlay:							
General government	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-	-
Total disbursements	2,509	45,812	-	-	3,419	8,531	3,913
Excess (deficiency) of receipts over disbursements	134,229	(21,062)	-	-	1,203	394	(988)
Other financing sources (uses):							
Transfers in	-	8,000	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Other receipts	-	2,250	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-
Total other financing sources (uses)	-	10,250	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	134,229	(10,812)	-	-	1,203	394	(988)
Cash and investment fund balance - beginning	60,828	30,041	67	30	2,343	6,851	1,265
Cash and investment fund balance - ending	\$ 195,057	\$ 19,229	\$ 67	\$ 30	\$ 3,546	\$ 7,245	\$ 277
Cash and Investment Assets - December 31							
Cash and investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted assets:							
Cash and investments	195,057	19,229	67	30	3,546	7,245	277
Total cash and investment assets - December 31	\$ 195,057	\$ 19,229	\$ 67	\$ 30	\$ 3,546	\$ 7,245	\$ 277
Cash and Investment Fund Balance - December 31							
Restricted for:							
Public safety	\$ -	\$ -	\$ -	\$ 30	\$ -	\$ -	\$ 277
Highways and streets	-	-	-	-	-	-	-
Culture and recreation	-	-	67	-	3,546	7,245	-
Debt service	-	-	-	-	-	-	-
Other purposes	195,057	19,229	-	-	-	-	-
Unrestricted	-	-	-	-	-	-	-
Total cash and investment fund balance - December 31	\$ 195,057	\$ 19,229	\$ 67	\$ 30	\$ 3,546	\$ 7,245	\$ 277

CITY OF TELL CITY
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2008
 (Continued)

	Community Development Block Grant	Law Enforcement Continuing Education	Riverboat	Rainy Day	Clemens Lights Lease	Waste Tire Grant
Receipts:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	4,290	-	-	-	-
Intergovernmental	-	-	49,213	32,005	-	12,500
Charges for services	-	3,127	-	-	21,000	-
Other	-	893	-	-	-	-
Total receipts	-	8,310	49,213	32,005	21,000	12,500
Disbursements:						
General government	-	-	10,573	-	-	-
Public safety	-	36	-	-	-	-
Highways and streets	-	-	28,840	-	-	-
Sanitation	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-
Debt service:						
Principal	-	-	41,377	-	24,515	-
Interest	-	-	589	-	5,499	-
Capital outlay:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-
Total disbursements	-	36	81,379	-	30,014	-
Excess (deficiency) of receipts over disbursements	-	8,274	(32,166)	32,005	(9,014)	12,500
Other financing sources (uses):						
Transfers in	-	-	-	-	-	-
Transfers out	(8,000)	(2,857)	-	-	-	-
Other receipts	26,990	-	-	-	-	-
Other disbursements	-	-	-	-	-	-
Total other financing sources (uses)	18,990	(2,857)	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	18,990	5,417	(32,166)	32,005	(9,014)	12,500
Cash and investment fund balance - beginning	170,792	5,398	50,605	-	25,100	12,500
Cash and investment fund balance - ending	<u>\$ 189,782</u>	<u>\$ 10,815</u>	<u>\$ 18,439</u>	<u>\$ 32,005</u>	<u>\$ 16,086</u>	<u>\$ 25,000</u>
Cash and Investment Assets - December 31						
Cash and investments	\$ -	\$ -	\$ 18,439	\$ 32,005	\$ -	\$ -
Restricted assets:						
Cash and investments	189,782	10,815	-	-	16,086	25,000
Total cash and investment assets - December 31	<u>\$ 189,782</u>	<u>\$ 10,815</u>	<u>\$ 18,439</u>	<u>\$ 32,005</u>	<u>\$ 16,086</u>	<u>\$ 25,000</u>
Cash and Investment Fund Balance - December 31						
Restricted for:						
Public safety	\$ -	\$ 10,815	\$ -	\$ -	\$ -	\$ -
Highways and streets	-	-	-	-	-	-
Culture and recreation	-	-	-	-	16,086	-
Debt service	-	-	-	-	-	-
Other purposes	189,782	-	-	-	-	25,000
Unrestricted	-	-	18,439	32,005	-	-
Total cash and investment fund balance - December 31	<u>\$ 189,782</u>	<u>\$ 10,815</u>	<u>\$ 18,439</u>	<u>\$ 32,005</u>	<u>\$ 16,086</u>	<u>\$ 25,000</u>

CITY OF TELL CITY
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2008
 (Continued)

	Clemens Field Improvement	HUD Housing RLF	EDC Donation	Revolving Loan	IRP Revolving Loan	Downtown Streetscape
Receipts:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	207,788	-	-	-	331,044
Charges for services	-	-	-	-	-	-
Other	3,325	4,152	-	2,666	2,459	-
Total receipts	3,325	211,940	-	2,666	2,459	331,044
Disbursements:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-
Culture and recreation	12,394	-	-	-	-	-
Economic development	-	-	25	16	364	-
Urban redevelopment and housing	-	302,229	-	-	-	331,044
Debt service:						
Principal	-	-	-	-	4,814	-
Interest	-	-	-	-	1,158	-
Capital outlay:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-
Total disbursements	12,394	302,229	25	16	6,336	331,044
Excess (deficiency) of receipts over disbursements	(9,069)	(90,289)	(25)	2,650	(3,877)	-
Other financing sources (uses):						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Other receipts	-	68,162	-	93,518	30,745	-
Other disbursements	-	-	-	-	-	-
Total other financing sources (uses)	-	68,162	-	93,518	30,745	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(9,069)	(22,127)	(25)	96,168	26,868	-
Cash and investment fund balance - beginning	9,069	200,630	3,712	135,734	86,372	-
Cash and investment fund balance - ending	\$ -	\$ 178,503	\$ 3,687	\$ 231,902	\$ 113,240	\$ -
Cash and Investment Assets - December 31						
Cash and investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted assets:						
Cash and investments	-	178,503	3,687	231,902	113,240	-
Total cash and investment assets - December 31	\$ -	\$ 178,503	\$ 3,687	\$ 231,902	\$ 113,240	\$ -
Cash and Investment Fund Balance - December 31						
Restricted for:						
Public safety	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Highways and streets	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Debt service	-	-	-	-	-	-
Other purposes	-	178,503	3,687	231,902	113,240	-
Unrestricted	-	-	-	-	-	-
Total cash and investment fund balance - December 31	\$ -	\$ 178,503	\$ 3,687	\$ 231,902	\$ 113,240	\$ -

CITY OF TELL CITY
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2008
 (Continued)

	Disaster Relief FEMA	Community Foundation Grants	Riverwalk Community Foundation	Clemens Schergens Grant	Donations	TC Electric Promotional Account
Receipts:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Other	-	-	-	-	7,417	2,775
Total receipts	-	-	-	-	7,417	2,775
Disbursements:						
General government	-	-	-	-	10,514	2,775
Public safety	-	-	-	-	10,283	-
Highways and streets	-	-	-	-	79	-
Sanitation	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-
Culture and recreation	-	-	-	-	554	-
Economic development	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Capital outlay:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Culture and recreation	-	-	-	50,000	-	-
Urban redevelopment and housing	-	-	-	-	-	-
Total disbursements	-	-	-	50,000	21,430	2,775
Excess (deficiency) of receipts over disbursements	-	-	-	(50,000)	(14,013)	-
Other financing sources (uses):						
Transfers in	-	-	-	-	-	-
Transfers out	(45,490)	-	-	-	-	-
Other receipts	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-
Total other financing sources (uses)	(45,490)	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(45,490)	-	-	(50,000)	(14,013)	-
Cash and investment fund balance - beginning	45,490	-	14,016	50,000	44,740	-
Cash and investment fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,016</u>	<u>\$ -</u>	<u>\$ 30,727</u>	<u>\$ -</u>
Cash and Investment Assets - December 31						
Cash and investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted assets:						
Cash and investments	-	-	14,016	-	30,727	-
Total cash and investment assets - December 31	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,016</u>	<u>\$ -</u>	<u>\$ 30,727</u>	<u>\$ -</u>
Cash and Investment Fund Balance - December 31						
Restricted for:						
Public safety	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Highways and streets	-	-	-	-	-	-
Culture and recreation	-	-	14,016	-	-	-
Debt service	-	-	-	-	-	-
Other purposes	-	-	-	-	30,727	-
Unrestricted	-	-	-	-	-	-
Total cash and investment fund balance - December 31	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,016</u>	<u>\$ -</u>	<u>\$ 30,727</u>	<u>\$ -</u>

CITY OF TELL CITY
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2008
 (Continued)

	Fenn	Brownfield Grant	Downtown Streetscape Retainage	Brownfield Loan	Trash Collection	Police Lease Rental
Receipts:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 121,690
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	18,392	-	-	14,668
Charges for services	-	-	-	-	407,483	-
Other	-	-	-	-	-	-
Total receipts	-	-	18,392	-	407,483	136,358
Disbursements:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Sanitation	-	-	-	-	378,363	-
Health and welfare	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Urban redevelopment and housing	-	-	33,250	5,921	-	-
Debt service:						
Principal	-	-	-	-	-	55,000
Interest	-	-	-	-	-	59,000
Capital outlay:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-
Total disbursements	-	-	33,250	5,921	378,363	114,000
Excess (deficiency) of receipts over disbursements	-	-	(14,858)	(5,921)	29,120	22,358
Other financing sources (uses):						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	(14,858)	(5,921)	29,120	22,358
Cash and investment fund balance - beginning	4,855	1	14,858	174,207	23,295	26,595
Cash and investment fund balance - ending	<u>\$ 4,855</u>	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ 168,286</u>	<u>\$ 52,415</u>	<u>\$ 48,953</u>
Cash and Investment Assets - December 31						
Cash and investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted assets:						
Cash and investments	4,855	1	-	168,286	52,415	48,953
Total cash and investment assets - December 31	<u>\$ 4,855</u>	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ 168,286</u>	<u>\$ 52,415</u>	<u>\$ 48,953</u>
Cash and Investment Fund Balance - December 31						
Restricted for:						
Public safety	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Highways and streets	4,855	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Debt service	-	-	-	-	-	48,953
Other purposes	-	1	-	168,286	52,415	-
Unrestricted	-	-	-	-	-	-
Total cash and investment fund balance - December 31	<u>\$ 4,855</u>	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ 168,286</u>	<u>\$ 52,415</u>	<u>\$ 48,953</u>

CITY OF TELL CITY
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2008
 (Continued)

	Cumulative Capital Improvement	Cumulative Capital Development	EDIT	EDIT Reserve	Tell City Chair Property	Totals
Receipts:						
Taxes	\$ -	\$ 67,252	\$ -	\$ -	\$ -	\$ 188,942
Licenses and permits	-	-	-	-	-	4,290
Intergovernmental	25,512	8,095	461,549	-	-	1,449,716
Charges for services	-	-	-	-	-	456,661
Other	-	-	-	-	10,087	195,262
Total receipts	25,512	75,347	461,549	-	10,087	2,294,871
Disbursements:						
General government	-	-	-	-	-	23,862
Public safety	-	-	-	-	-	14,232
Highways and streets	-	-	-	-	-	365,586
Sanitation	-	-	-	-	-	378,363
Health and welfare	-	-	-	-	-	1,190
Culture and recreation	-	-	-	-	-	33,251
Economic development	-	-	-	-	-	48,726
Urban redevelopment and housing	-	-	-	-	-	672,444
Debt service:						
Principal	6,487	-	-	-	-	132,193
Interest	115	-	-	-	-	66,361
Capital outlay:						
General government	3,294	-	220,021	5,580	-	228,895
Public safety	-	22,000	-	-	-	22,000
Highways and streets	-	22,000	-	-	-	22,000
Culture and recreation	-	28,333	-	-	-	78,333
Urban redevelopment and housing	-	-	-	-	114	114
Total disbursements	9,896	72,333	220,021	5,580	114	2,087,550
Excess (deficiency) of receipts over disbursements	15,616	3,014	241,528	(5,580)	9,973	207,321
Other financing sources (uses):						
Transfers in	-	-	-	138,464	-	149,321
Transfers out	-	-	(138,464)	-	-	(194,811)
Other receipts	-	-	-	-	-	221,665
Other disbursements	-	-	-	(103,713)	-	(103,713)
Total other financing sources (uses)	-	-	(138,464)	34,751	-	72,462
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	15,616	3,014	103,064	29,171	9,973	279,783
Cash and investment fund balance - beginning	17,609	32,326	235,761	181,530	45,043	1,894,149
Cash and investment fund balance - ending	<u>\$ 33,225</u>	<u>\$ 35,340</u>	<u>\$ 338,825</u>	<u>\$ 210,701</u>	<u>\$ 55,016</u>	<u>\$ 2,173,932</u>
Cash and Investment Assets - December 31						
Cash and investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 50,444
Restricted assets:						
Cash and investments	33,225	35,340	338,825	210,701	55,016	2,123,488
Total cash and investment assets - December 31	<u>\$ 33,225</u>	<u>\$ 35,340</u>	<u>\$ 338,825</u>	<u>\$ 210,701</u>	<u>\$ 55,016</u>	<u>\$ 2,173,932</u>
Cash and Investment Fund Balance - December 31						
Restricted for:						
Public safety	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,682
Highways and streets	-	-	-	-	-	102,710
Culture and recreation	-	-	-	-	-	49,981
Debt service	-	-	-	-	-	48,953
Other purposes	33,225	35,340	338,825	210,701	55,016	1,909,162
Unrestricted	-	-	-	-	-	50,444
Total cash and investment fund balance - December 31	<u>\$ 33,225</u>	<u>\$ 35,340</u>	<u>\$ 338,825</u>	<u>\$ 210,701</u>	<u>\$ 55,016</u>	<u>\$ 2,173,932</u>

CITY OF TELL CITY
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 AGENCY FUNDS
 For The Year Ended December 31, 2008

	<u>Payroll</u>	<u>Gross Tax EFT</u>	<u>Electric Payroll Tax EFT</u>	<u>Barrett Law Surplus</u>	<u>Totals</u>
Additions:					
Agency fund additions	\$ 3,643,545	\$ -	\$ 1,142,460	\$ -	\$ 4,786,005
Deductions:					
Agency fund deductions	<u>3,663,115</u>	<u>-</u>	<u>1,142,583</u>	<u>-</u>	<u>4,805,698</u>
Deficiency of total additions over total deductions	(19,570)	-	(123)	-	(19,693)
Cash and investment fund balance - beginning	<u>19,570</u>	<u>550</u>	<u>123</u>	<u>15,259</u>	<u>35,502</u>
Cash and investment fund balance - ending	<u>\$ -</u>	<u>\$ 550</u>	<u>\$ -</u>	<u>\$ 15,259</u>	<u>\$ 15,809</u>

CITY OF TELL CITY
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF CAPITAL ASSETS
 For The Year Ended December 31, 2008

Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed or donated assets are reported at estimated fair value at the time received.

General infrastructure assets are included if acquired (purchased, constructed, or donated) after July 1, 1980, or if they received major renovations, restorations, or improvements after that date. The government was able to estimate the historical cost for the initial reporting of these assets through backtrending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). As the government constructs or acquires additional capital assets each period, including infrastructure assets, they are reported at historical cost.

<u>City of Tell City</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 417,676
Infrastructure	4,839,062
Buildings	4,717,166
Improvements other than buildings	1,143,753
Machinery and equipment	<u>3,359,885</u>
Total governmental activities, capital assets not being depreciated	<u>\$ 14,477,542</u>
<u>Tell City Water, Wastewater, and Electric Utilities</u>	<u>Ending Balance</u>
Business-type activities:	
Water Utility:	
Capital assets, not being depreciated:	
Land	\$ 11,724
Capital assets, being depreciated:	
Buildings	43,814
Improvements other than buildings	8,953,331
Machinery and equipment	550,637
Transportation equipment	<u>93,875</u>
Total Water Utility capital assets	<u>9,653,381</u>
Wastewater Utility:	
Capital assets, not being depreciated:	
Land	10,936
Construction in progress	1,793,887
Capital assets, being depreciated:	
Buildings	342,670
Improvements other than buildings	11,614,846
Machinery and equipment	483,400
Transportation equipment	<u>180,149</u>
Total Wastewater Utility capital assets	<u>14,425,888</u>
Electric Utility:	
Capital assets, not being depreciated:	
Land	232,226
Construction in progress	391,008
Capital assets, being depreciated:	
Buildings	350,665
Improvements other than buildings	13,974,943
Machinery and equipment	4,851,675
Transportation equipment	<u>727,066</u>
Total Electric Utility capital assets	<u>20,527,583</u>
Total business-type activities capital assets	<u>\$ 44,606,852</u>

CITY OF TELL CITY
SUPPLEMENTARY INFORMATION
SCHEDULE OF LONG-TERM DEBT
December 31, 2008

The City has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:		
Capital leases:		
Police department building	\$ 1,110,000	\$ 58,500
Telephone system	78,732	46,670
Trash compactor	72,241	17,617
Clemens field lights	81,448	30,014
Loan:		
USDA revolving loan	<u>107,718</u>	<u>5,972</u>
Total governmental activities debt	<u>\$ 1,450,139</u>	<u>\$ 158,773</u>
Business-type activities:		
Water Utility:		
Loan:		
2000 state revolving loan	\$ 905,000	\$ 13,122
Revenue bonds:		
1999 Series A Revenue Bonds	1,650,000	39,152
2005 Series A Revenue Bonds	1,665,000	46,492
2005 Series B Revenue Bonds	<u>130,000</u>	<u>2,340</u>
Total Water Utility	<u>4,350,000</u>	<u>101,106</u>
Wastewater Utility:		
Loan:		
2006 state revolving loan	1,279,433	-
Revenue bonds:		
1996 Revenue Bonds	115,000	44,603
1999 Revenue Bonds	<u>1,200,000</u>	<u>186,025</u>
Total Wastewater Utility	<u>2,594,433</u>	<u>230,628</u>
Total business-type activities debt	<u>\$ 6,944,433</u>	<u>\$ 331,734</u>

CITY OF TELL CITY
OTHER REPORT

The annual audit report presented herein was prepared in addition to the other official report prepared for the individual City office listed below:

Tell City Water, Wastewater, and Electric Utilities

CITY OF TELL CITY
AUDIT RESULTS AND COMMENTS

PENALTIES, INTEREST, AND OTHER CHARGES (Applies to City)

Penalties and interest totaling \$1,031.20 were paid to the Internal Revenue Service on November 19, 2008, for the period ending September 30, 2008.

Officials and employees have the duty to pay claims and remit taxes in a timely fashion. Failure to pay claims or remit taxes in a timely manner could be an indicator of serious financial problems which should be investigated by the governmental unit.

Additionally officials and employees have a responsibility to perform duties in a manner which would not result in any unreasonable fees being assessed against the governmental unit.

Any penalties, interest or other charges paid by the governmental unit may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

COMPENSATION AND BENEFITS (Applies to City)

The Plan Commission recording secretary received \$750 in payments for 2008 which were not included on the salary ordinance or resolution.

All compensation and benefits paid to officials and employees must be included in the labor contract, salary ordinance, resolution or salary schedule adopted by the governing body unless otherwise authorized by statute. Compensation should be made in a manner that will facilitate compliance with state and federal reporting requirements. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

TO: THE OFFICIALS OF THE CITY OF TELL CITY, PERRY COUNTY, INDIANA

Compliance

We have audited the compliance of the City of Tell City (City) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to its major federal program for the year ended December 31, 2008. The City's major federal program is identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the City's compliance with those requirements.

In our opinion, the City complied in all material respects with the requirements referred to above that are applicable to its major federal program for the year ended December 31, 2008.

Internal Control Over Compliance

The management of the City is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133
(Continued)

A control deficiency in a City's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be significant deficiencies or material weaknesses, as defined above.

This report is intended solely for the information and use of the City's management, the Common Council, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

September 29, 2009

CITY OF TELL CITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended December 31, 2008

Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>			
Pass-Through Indiana Housing and Community Development Authority			
Community Development Block Grants/State's Program	14.228		
Housing from Shelters to Home Ownership			
Housing Rehab Grant "6"		HD-006-005	\$ 21,961
Housing Rehab Grant "7"		HD-007-006	225,000
Pass-Through Indiana Office of Community and Rural Affairs			
Community Development Block Grants/State's Program	14.228		
Community Focus Fund			
Downtown Enhancement Streetscape Project		CF-06-245	<u>331,044</u>
Total for federal grantor agency			<u>578,005</u>
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>			
Pass-Through Indiana Criminal Justice Institute			
Highway Safety Cluster			
State and Community Highway Safety	20.600		
Operation Pullover		OP-08-01-02-03	1,900
Operation Pullover		OP-09-01-02-03	<u>1,025</u>
Total for federal grantor agency and cluster			<u>2,925</u>
<u>U.S. ENVIRONMENTAL PROTECTION AGENCY</u>			
Pass-Through Indiana Finance Authority			
Capitalization Grants for State Revolving Funds	66.458		
Eastside Sewer Extension Project WW 05 67 62 01		CS-182104-01	<u>5,408</u>
Total federal awards expended			<u>\$ 586,338</u>

The accompanying note is an integral part of the Schedule of Expenditures of Federal Awards.

CITY OF TELL CITY
NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the City of Tell City (City) and is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Accordingly, the amount of federal awards expended is based on when the activity related to the award occurs. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

CITY OF TELL CITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued: Unqualified

Internal control over financial reporting:
 Material weaknesses identified? no
 Significant deficiencies identified that are not considered to be material weaknesses? none reported

Noncompliance material to financial statements noted? no

Federal Awards:

Internal control over major programs:
 Material weaknesses identified? no
 Significant deficiencies identified that are not considered to be material weaknesses? none reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? no

Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
14.228	Community Development Block Grants/State's Program

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee? yes

Section II – Financial Statement Findings

No matters are reportable.

Section III – Federal Award Findings and Questioned Costs

No matters are reportable.

CITY OF TELL CITY
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.

CITY OF TELL CITY
EXIT CONFERENCE

The contents of this report were discussed on September 29, 2009, with Barbara L. Ewing, Mayor; Jenny S. Richter, Clerk-Treasurer; R. Dale Poole, Superintendent of Water Utility; Bruce W. Badger, Superintendent of Wastewater Utility; Marlow J. Smethurst, Superintendent of Electric Utility; Marcia F. Parker, Electric Utility Office Manager; Joseph Malone, Electric Utility Service Board member; J. B. Land, Electric Utility Service Board member; and Bonnie S. Stiff, Water/Wastewater Utility Bookkeeper. The officials concurred with our audit findings.